

NIARCHOS TO PAY MORE IN U. S. SUIT

Revised Settlement Calls for
Extra 4 Million and Trade
for 2 New Tankers

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WASHINGTON, Aug. 17 --

The Government traded two old tankers and six dry-cargo Liberty ships today for two high-speed supertankers and \$4,079,500.

The deal was a revision of an agreement on May 28, 1954, that settled a civil libel and forfeiture suit brought by the Government against the Stavros Niarchos interests. In that settlement, the Government obtained nineteen ships and \$4,900,000.

The basis of the suit was that the ships had been acquired illegally by the Niarchos interests in war-surplus transactions. Under the Shipping Act of 1916, non-citizen control of United States flag vessels is prohibited. Mr. Niarchos is a Greek citizen who operates a large merchant fleet.

Outcome of Negotiations

A provision in the 1954 agreement, however, deferred forfeiture of the ships while negotiations were conducted for the construction of oil tankers for United States-flag operations by a United States corporation. The revised settlement announced today is the outcome of these negotiations.

Under the new arrangement, the Niarchos interests will pay for the construction in American shipyards of two 25,000 dead-weight-ton tankers. The cost is estimated at \$16,000,000 to \$20,000,000.

A corporation will be formed, which the Department of Justice must approve as meeting all citizenship requirements of the 1916 act, to own and operate the carriers. The Niarchos group will have a 25 per cent interest in this corporation. Minority ownership by foreign interest is permitted under the act.

The Government will retain the eleven other ships that were forfeited under the 1954 settlement.

Benefits Cited by Brownell

Mr. Niarchos will get back the Ampac California and the Ventura, tankers of the T-2 type, and the cargo carriers Mohawk, Mojave, Mohican, Ampac Oregon, Ampac Idaho and Ampac Nevada.

Herbert Brownell Jr., the Attorney General, announced the settlement. He noted that when the revised agreement was effectuated, the Niarchos interests would have paid the Government more than \$8,000,000.

Among the benefits Mr. Brownell said would come from construction of the new tankers were:

Improvement of the merchant marine by the replacement of old tanker tonnage; increase in over-all tonnage available in case of national emergency; maintenance of American shipyards, making their facilities readily available if an emergency arises, and increased employment for shipyard workers and seamen.

Mr. Niarchos and several other individuals and shipping companies were indicted in 1953 for alleged fraud in surplus-ship deals. As part of the 1954 settlement, the indictment against him was dropped and his companies paid \$100,000 in criminal fines, in addition to \$4,000,000 in civil penalties.

Case Seen Not Complete

A spokesman for the Niarchos interests in New York said last night the return of the eight vessels did not complete the case.

Negotiations on other vessels of the original fleet of nineteen are continuing, and "we hope they will soon be concluded," said Walter H. Saunders, president of Transoceanic Marine, Inc., which represents the Niarchos activities.

It was understood that part of the agreement included permission to transfer six of the returned ships to foreign registry.

The new tankers will be Niarchos ships. Shipping men familiar with citizenship requirements for vessels registered in this country said Mr. Niarchos would have no difficulty meeting the stipulation that the new company must have 75 per cent citizenship control. Several members of his immediate family are citizens.

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